

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 OES-09 DOE-15 SOE-02 CIAE-00  
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R 081518Z AUG 78  
FM AMEMBASSY PARIS  
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INFO SECSTATE WASHDC 5846  
AMCONSUL MILAN  
AMEMBASSY ROME  
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UNCLAS SECTION 01 OF 06 PARIS 24816

E.O. 11652 NA  
TAGS: BEXP, XG, XF, ENRG, TECH, FR  
SUBJ: ENERGY CONSERVATION IN FRANCE

REF: (A) STATE 150245 (B) PARIS 35224 (1977)

### 1. INTRODUCTION AND SUMMARY.

THE FOLLOWING STUDY ON ENERGY CONSERVATION IN FRANCE WAS PREPARED IN RESPONSE TO QUESTIONS POSED IN REFTTEL A AND IN SUPPORT OF USTC MILAN PARTICIPATION IN THE MEDITERRANEAN BASIN ENERGY CONSERVATION EXHIBITION, MARCH 26-20, 1979.

2. ATTITUDES IN FRANCE FAVOR CONSERVATION OF ENERGY, ESPECIALLY SINCE THE ENERGY CRISIS OF 1973. ALTHOUGH THE GOVERNMENT ENCOURAGES DIVERSIFICATION OF SOURCES OF ENERGY, FRANCE REMAINS HEAVILY DEPENDENT ON PETROLEUM WHICH MAKES EFFORTS TO CONSERVE ON ENERGY INCREASINGLY IMPORTANT.

3. THIS STUDY INDICATES THAT THE INDUSTRIAL AND  
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RESIDENTIAL/TERTIARY SECTORS ARE NEARLY EQUAL IN CONSUMPTION OF ENERGY. WITHIN THE INDUSTRIAL SECTOR, THE STEEL AND CHEMICAL INDUSTRIES CONSUME MOST ENERGY. EFFORTS TO CONSERVE ON CONSUMPTION ENCOURAGED BY THE GOVERNMENT HAVE BEEN MORE SUCCESSFUL IN THE RESIDENTIAL SECTOR THAN IN THE INDUSTRIAL. INDUSTRIAL INSTALLATIONS ARE RELATIVELY YOUNG AND THE MARGINAL AMOUNTS SAVED IN

FUEL COSTS MAKE IT DIFFICULT TO JUSTIFY THE INVESTMENT IN NEW PLANTS AND EQUIPMENT. THE GOVERNMENT IS EXPECTED TO INCREASE ITS EFFORTS AND INCENTIVES TO ENCOURAGE ENERGY CONSERVATION IN INDUSTRY.

4. THE MINISTRY OF INDUSTRY IN COOPERATION WITH THE USDOE IS SPONSORING A SYMPOSIUM ON ENERGY CONSERVATION IN PARIS OCTOBER 18-20. ANY PERTINENT INFORMATION WILL BE FORWARDED.

5. COPY OF REFTEL B BEING POUCHED TO USDOC TODAY.

# I. MAJOR ENERGY USERS ON SECTORAL BASIS

A. ENERGY IN FRANCE AS SHOWN BY THE FOLLOWING TABLE IS CONSUMED MAINLY BY THE INDUSTRIAL AND RESIDENTIAL SECTORS WHICH ACCOUNT FOR 35-40 PERCENT EACH. IN THE EUROPEAN COMMUNITY AS A WHOLE THE INDUSTRIAL SECTOR FIGURES MORE PROMINENTLY, ACCOUNTING FOR ONE-THIRD TO ONE-HALF OF ENERGY CONSUMPTION.

SECTOR	1974	1975	1976
-IN MTEP-MILLION TONS EQUIVALENT			
PETROLEUM & PERCENT (IN PARENTHESIS)-			
INDUSTRY	56.35	49.29	53.42
	(39.5)	(37.2)	(38.4)
TRANSPORTATION	26.96	27.79	29.83

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	(18.9)	(21.0)	(21.8)
RESIDENTIAL &			
TERTIARY	49.19	47.58	49.59
	(34.5)	(35.9)	(36.3)
ENERGY SECTOR			
& LOSSES	10.19	7.78	4.76
	(7.1)	(5.9)	(3.5)
TOTAL CONSUMPTION	142.68	132.43	136.61

(SOURCE: OECD ENERGY BALANCE SHEETS, 1978)

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B. WITHIN THE INDUSTRIAL SECTOR THE IRON AND STEEL  
INDUSTRY IS THE LARGEST ENERGY USER, FOLLOWED BY THE  
CHEMICAL AND PETROCHEMICAL INDUSTRIES. ENERGY EMPLOYED  
FOR COMMERCIAL USE REPRESENTS ONLY THREE-TO-FOUR PERCENT  
OF TOTAL ENERGY CONSUMED.

INDUSTRIAL ENERGY 1974 1975 1976  
USAGE (IN MTEP-MILLION TONS EQUIVALENT PETROLEUM)

IRON & STEEL	15.08	12.18	12.26
CHEMICAL	8.93	7.95	8.68
PETROCHEMICAL	5.36	4.19	4.98
OTHER	26.96	24.96	26.50
TOTAL	56.35	49.29	52.42

II. SOURCES OF ENERGY BY SECTOR. (CONSUMPTION)  
A. IN THE YEARS FOLLOWING THE ENERGY CRISIS FRANCE  
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HAS CONTINUED TO BE HEAVILY DEPENDENT ON PETROLEUM.  
NEARLY THREE-FOURTHS OF TOTAL ENERGY NEEDS  
ARE MET BY PETROLEUM. ALL ENERGY CONSUMPTION BY THE  
ENERGY PRODUCING SECTOR AND LOSSES ARE ATTRIBUTED TO  
PETROLEUM AS WELL AS VIRTUALLY ALL THE TRANSPORTATION  
SECTOR'S NEEDS. THE RESIDENTIAL SECTOR'S CONSUMPTION  
IS NEAR THE OVERALL AVERAGE (65 PERCENT), AND THE  
INDUSTRIAL SECTOR USES PETROLEUM TO MEET ONLY HALF  
(52 PERCENT) OF ITS NEEDS.

SOLID

FUELS PETROL GAS ELECTRICITY TOTAL  
(IN MTEP-MILLION TONS EQUIVALENT PETROLEUM)

INDUSTRY

74	12.87	29.74	6.10	7.64	56.35
75	10.13	25.58	6.52	7.05	49.29
76	10.00	27.43	7.46	7.53	52.42

TRANSPORTATION

74	.06	26.34	.01	.55	26.96
75	.05	27.20	.01	.53	27.79
76	.04	29.23	.01	.56	29.83

RESIDENTIAL & TERTIARY

74	5.72	32.02	5.77	5.68	49.19
75	4.65	30.42	6.17	6.34	47.58
76	4.39	31.09	7.05	7.06	49.59

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FUELS PETROL GAS ELECTRICITY TOTAL

ENERGY SECTOR LOSSES

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74	-	10.19	-	-	10.19
75	-	7.78	-	-	7.78
76	-	4.76	-	-	4.76

TOTAL

74	18.75	98.29	11.88	13.87	142.68
75	14.83	90.98	12.70	13.92	132.43
76	14.42	92.52	14.52	15.14	136.61

SOURCE: OECD ENERGY BALANCE SHEETS, 1978

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B. OECD STATISTICS PINPOINT SOURCES OF ENERGY ON A  
SECTORAL BASIS AS FOLLOWS:

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INDUSTRY FUELS PETROL GAS ELECTRICITY TOTAL  
(IN MTEP-MILLION TONS EQUIVALENT PETROLEUM)

#### IRON & STEEL

74	9.97	2.81	1.06	1.24	15.08
75	8.03	1.96	1.02	1.92	12.18
76	8.04	2.02	.94	1.25	12.26

#### CHEMICAL

74	.86	3.87	2.29	1.90	8.93
75	.65	3.24	2.40	1.67	7.95
76	.65	3.33	2.89	1.81	8.68

#### SOLID

INDUSTRY FUELS PETROL GAS ELECTRICITY TOTAL  
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#### PETROCHEMICAL

74	-	5.36	-	-	5.36
75	-	4.19	-	-	4.19
76	-	4.98	-	-	4.98

#### OTHER

74	2.05	17.69	2.75	4.49	26.98
75	1.46	16.18	3.10	4.22	24.96
76	1.30	17.10	3.63	4.46	26.50

## TOTAL

74	12.87	29.74	6.10	7.64	56.35
75	10.13	25.58	6.52	7.05	49.29
76	10.10	27.43	7.46	7.53	52.42

SOURCE: OECD ENERGY BALANCE SHEETS: 1978

## C. ENERGY APPLICATIONS:

IN THE INDUSTRIAL SECTOR MORE THAN THREE-FOURTHS OF THE ENERGY CONSUMED IS IN THE FORM OF HEAT. BOILERS AND THERMAL GENERATORS ACCOUNT FOR ALMOST HALF OF TOTAL CONSUMPTION BY INDUSTRY, AND INDUSTRIAL OVENS FOR ANOTHER THIRTY PERCENT. OPERATIONS TO SEPARATE OR DECOMPOSE A MIXTURE INTO ITS CONSTITUENT PARTS SUCH AS DISTILLATION, CONCENTRATION, PURIFICATION AND DRYING REQUIRE LARGE AMOUNTS OF ENERGY. IN THE RESIDENTIAL AND TERTIARY SECTOR, ENERGY CONSUMPTION IS BROKEN OUT ON A PERCENTAGE BASIS AND HAS BEEN APPROXIMATED AS: HEATING--70; HOT WATER HEATING--9; KITCHEN USES--5; LIGHTING--8; ELECTRICAL APPLIANCES AND OTHER USES--8.

## D. AVERAGE ANNUAL CONSUMPTION CANNOT BE ACCURATELY UNCLASSIFIED

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DERIVED FROM THE STATISTICS GIVEN FOR 1974-76. THIS PERIOD FOLLOWING THE OIL CRISIS WAS CHARACTERIZED BY ECONOMIC RECESSION, DURING WHICH NORMAL PATTERS OF CONSUMPTION WERE ALTERED.

## III. EFFICIENCY OF ENERGY PRODUCED AND COST OF POWER

## A. ENERGY PRODUCTION: (IN MTEP)

1976 (ESTIMATED)	1985 (PREDICTED)
18. COAL	11.
10. HYDRAULIC	14.
6.5 GAS	6.
2. ELECTRICITY	2.
4. NUCLEAR	60.
40.5 TOTAL	96.

NEARLY HAIF OF THE ENERGY PRODUCED IN FRANCE IS GENERATED FROM COAL, ALTHOUGH ITS IMPORTANCE IS DECLINING. THE COAL IS GENERALLY OF POOR QUALITY, AND DIFFICULT TO MINE. COSTS ARE INCREASING. NATURAL GAS IS ALSO DECLINING IN IMPORTANCE AS RESERVES RUN OUT. IT REMAINS AS AN IMPORTANT SOURCE OF IMPORTED ENERGY, HOWEVER.

## B. THE REST OF ENERGY PRODUCED IS IN THE FORM OF

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ELECTRICITY ESPECIALLY HYDRAULIC AND NUCLEAR. OECD  
STATISTICS FOR EFFICIENCY OF ELECTRICITY GENERATED IN  
PERCENTAGE TERMS (I.E., THE CALCULATED AVERAGE EFFICIENCY  
OF ALL POWER PLANTS IN THE COUNTRY) ARE 38.5 FOR 1974,  
39.3 FOR 1975 AND 39.3 FOR 1976. THESE FIGURES ARE  
SLIGHTLY HIGHER THAN THE EC AVERAGES:(37.9; 37.6; 37.7)

C. ELECTRICITE DE FRANCE FIGURES FROM ITS 1977 ANNUAL  
REPORT INDICATE THE COST PER KWH DELIVERED IN 1977 WAS  
19.21 CENTIMES. THE FOLLOWING TABLE NOTES THE  
COST PER KWH DELIVERED FOR THE PAST FIVE YEARS. THE  
COST OF PRODUCING ELECTRICITY FELL SLIGHTLY (0.6  
PERCENT) BETWEEN 1976 AND 1977 WHILE THE QUANTITY  
DELIVERED INCREASED 4.4 PERCENT THUS RESULTING IN A  
4.8 PERCENT DROP IN UNIT COSTS.

COST PER KWH DELIVERED (CENTIMES)

1973	1974	1975	1976	1977
17.42	20.0	20.0	20.2	19.21

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PRICES PER KWH TO QUANTITY USERS HAVE RISEN TO AN INDEX LEVEL IN 1977 OF 215.9 (1967U). IN CONSTANT FRANCS, HOWEVER, THE PRICE HAS ONLY RISEN 3.1 PERCENT SINCE 1967.

D. AFTER THE ADVENT OF THE ENERGY CRISIS, THE ADMINISTRATION HAD GREAT HOPES FOR DRAMATICALLY INCREASING THE ROLE OF NUCLEAR ENERGY IN GENERATING ELECTRICAL POWER. THE GOAL WAS TO INCREASE PRODUCTION FROM THREE MTEP IN 1973 TO 60 MTEP IN 1985. THIS AMOUNT WOULD MEET 25 PERCENT OF THE PROJECTED ENERGY NEEDS. OFFICIALS HAVE INDICATED THESE PROJECTIONS HAVE BEEN LOWERED SOMEWHAT ALTHOUGH IT IS STILL HOPED NUCLEAR WILL PROVIDE APPROXIMATELY 20 PERCENT OF TOTAL ENERGY REQUIREMENTS BY 1985.

E. NUCLEAR POWER IS MORE EXPENSIVE THAN TRADITIONAL POWERPLANTS IN TERMS OF INITIAL INVESTMENTS, ALTHOUGH FUEL COSTS ARE SIGNIFICANTLY LOWER. IT IS THEREFORE HOPED THAT THE COSTS WILL BE REDUCED OVER THE LONG RUN. THE PRIMARY BENEFIT, HOWEVER, INDEPENDENCE FROM FOREIGN SOURCES, CANNOT BE CALCULATED IN THESE COSTS FIGURES.

F. ESTIMATED DIFFERENCES IN COSTS BETWEEN ELECTRICITY PRODUCED BY NUCLEAR POWER PLANTS AND THAT FROM TRADITIONAL FUELS ARE SHOWN IN THE FOLLOWING TABLE.

COST OF PRODUCTION OF ELECTRICITY  
(IN CENTIMES PER KWH)

	NUCLEAR PLANTS	POWER PLANTS (FUEL OIL)
INVESTMENT	4	2.2

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OPERATING-		
COSTS	1.4	1.3
FULL COSTS	2.2	8.5
TOTAL	7.6	12.0

IV. WILLINGNESS TO ADAPTE CONSERVATION TECHNOLOGY.  
A. EFFORTS TO ENCOURAGE CONSERVATION OF ENERGY HAVE BEEN MORE SUCCESSFUL IN THE RESIDENTIAL SECTOR THAN IN THE INDUSTRIAL SECTOR. STATISTICS FOR 1977 ARE NOT YET AVAILABLE, BUT THE FOLLOWING TABLE INDICATES INVESTMENT IN ENERGY CONSERVATION PROJECTS BENEFITTING



FROM GOVERNMENTAL SUBSIDIES IN 1976. MATERIALS ARE  
BEING FORWARDED UNDER SEPARATE COVER WHICH PROVIDE  
SPECIFICS ON EQUIPMENT IN THESE PROJECTS.

SECTOR	ECONOMIES		
	NUMBER	INVESTMENTS	REALIZED
	OF PROJECTS	MIL FRS & TON EQUIV PETROL (PERCENT)	AND (PERCENT)
INDUSTRIAL	42	103	98,000
	(64)	(83)	
AGRICULTURAL	9	23	6,400
	15	5.5	
RESIDENTIAL	23	29	13,000
	(18)	(11)	
TRANSPORTATION	2	5	600
	(3)	(0.5)	

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B. THE GOVERNMENT HAS BEEN DISAPPOINTED WITH THE  
LACK OF INVESTMENT IN ENERGY CONSERVATION IN INDUSTRY  
ALTHOUGH IT MUST BE NOTED THAT INVESTMENT AS A WHOLE  
WAS RELATIVELY STAGNANT DURING THIS INITIAL RECOVERY  
PERIOD FROM THE RECESSION. THE GOFESTIMATES THAT LESS

THAN 700 MILLION FRANCS WEE INVESTED IN ENERGY CONSERVATION BETWEEN 1973 AND 1976, WHICH REPRESENTS ONLY ONE-THRID TO ONE-HALF THE SUM DEEMED NECESSARY TO REACH THE GOVERNMENT'S OBJECTIVES. FUNDS ALLOCATED FOR SUBSIDIES HAVE NOT EVEN BEEN FULLY DISBURSED.

C. INDUSTRIALISTS CLAIM SEVERAL FACTORS LIMIT INVESTMENTS AIMED AT CONSERVING ENERGY. THESE FUNDS INCLUDE LIMITED DEBT CAPACITY, LACK OF AVAILABLE FINANCING, HIGH CREDIT RATES, AND MEDIOCRE PROFITABILITY RATES OF SUCH PROJECTS. MOST INDUSTRIAL EQUIPMENT IS RELATIVELY YOUNG, DATING FROM THE POST-WAR PERIOD, AND CONSUME COAL. BOILERS AND INDUSTRIAL OVENS WERE IN UNCLASSIFIED

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LARGE PART REPLACED DURING THE SIXTIES BY MORE ENERGY EFFICIENT EQUIPMENT WHICH CONSUMES FUEL OIL. THIS TYPE OF EQUIPMENT NORMALLY HAS A LIFE EXPECTANCY OF FIFTEEN TO TWENTY YEARS.

D. FURTHERMORE, THE SECTORS WITH HEAVIEST ENERGY CONSUMPTION, SUCH AS STEEL, ARE AMONG THE MOST DISTRESSED IN THE ECONOMY. UNTIL THEIR SITUATION IMPROVES, ONLY THE MOST ESSENTIAL INVESTMENTS WILL BE MADE.

V. GOVERNMENT STANCE ON CONSERVATION OF ENERGY.

A. THE GOF REACTED STRONGLY TO THE ENERGY CRISIS IN 1973 SETTING UP PROGRAMS TO (1) ECONOMIZE ON ENERGY CONSUMPTION; (2) PROMOTE THE DEVELOPMENT OF OTHER DOMESTIC ENERGY SOURCES, IN PARTICULAR NUCLEAR ENERGY, AND (3) TO FINANCE RESEARCH INTO "NEW" ENERGY SOURCES, SUCH AS GEOTHERMAL, WIND-POWER, BIOGAS AND ESPECIALLY SOLAR.

B. PROJECTIONS COMPLETED PRIOR TO THE CRISIS PREDICTED TOTAL ENERGY CONSUMPTION IN 1985 WOULD REACH 285 MTEP (MILLION TONS EQUIVALENT PETROLEUM). THE GOAL IS TO REDUCE THAT BY 45 MTEP. IN ORDER TO MEET THIS GOAL, AND THEREBY REDUCE DEPENDANCE ON FOREIGN ENERGY SOURCES, FRANCE MUST REDUCE CONSUMPTION OF PETROLEUM IN ACTUAL AS WELL AS PERCENTAGE TERMS, MAINTAIN COAL PRODUCTION, INCREASE GAS UTILIZATION, DRAMATICALLY INCREASE NUCLEAR POWER (FROM 3 TO 60 MTEP) AND FINALLY DEVELOP "NEW" ENERGIES. IN THE INDUSTRIAL SECTOR THE GOAL IS TO CONSERVE FIFTEEN PERCENT (12 MTEP) BY 1985. SINCE THE ORIGINAL PROJECTION ALREADY ASSUMED DIMINISHING CONSUMPTION AT THE RATE OF 15 PERCENT, THIS OBJECTIVE REQUIRES ACTUAL REDUCTION OF THIRTY PERCENT UNCLASSIFIED

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OF ENERGY CONSUMED BY INDUSTRY BETWEEN 1973 AND 1980.

C. EVALUATION OF PROGRESS MADE THUS FAR HAS LED TO CERTAIN REVISIONS. EMPHASIS IS SHIFTING INCREASINGLY TOWARD CONSERVATION OF ENERGY. ADVOCATES ARGUE FUNDS ALLOCATED TO INVESTMENT IN CONSERVATION PROJECTS ARE LESS RISKY AND SHOW A GREATER RETURN THAN RESEARCH INTO ALTERNATE ENERGY FORMS.

D. IN 1974, THE GOVERNMENT CREATED THE AGENCY FOR ECONOMIES OF ENERGY CHARGED WITH (1) PROPOSING NEW GOVERNMENT PROGRAMS TO CONSERVE ENERGY; (2) TO DISTRIBUTE INFORMATION AND ADVISE CONSUMERS; (3) TO INITIATE DEMONSTRATION PROJECTS.

E. THE AGENCY'S PROGRAMS THUS FAR ARE MOST ORIENTED TOWARD GENERATING PUBLICITY AND FOMENTING AWARENESS OF THE NEED TO SAVE ENERGY. ONE HUNDRED TWELVE DEMONSTRATION PROJECTS HAVE BEEN LAUNCHED. THE FINANCIAL INCENTIVES AND RESEARCH PROGRAMS DEVELOPED MORE RECENTLY HAVE HAD LIMITED IMPACT, BUT MORE TIME IS REQUIRED TO REALIZE RESULTS.

F. RESULTS HAVE BEEN RELATIVELY BETTER IN THE RESIDENTIAL SECTOR THAN IN THE INDUSTRIAL, AND INCREASING EMPHASIS ON THE INDUSTRIAL PROJECTS IS ANTICIPATED. THE MOST SIGNIFICANT RESULTS TO DATE HAVE BEEN ACHIEVED VIA THE SECTORAL CONTRACT PROGRAM.

G. TO DATE SOME SEVENTEEN SECTORAL CONTRACTS GOVERNING NEARLY THREE-FOURTHS (65 PERCENT) OF ENERGY CONSUMED

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IN THE INDUSTRIAL SECTOR, HAVE BEEN CONCLUDED. THESE  
CONTRACTS ARE NEGOTIATED BETWEEN THE MINISTRY OF  
INDUSTRY AND RESEARCH AND THE RELEVANT PROFESSIONAL  
ASSOCIATION OF INDIVIDUAL FIRMS FOR A FIVE-YEAR TERM.  
FIRMS WHICH ADHERE TO THE CONTRACTS BENEFIT FROM CERTAIN  
FINANCIAL INCENTIVES.

H. THE FOLLOWING TABLE REPRESENTS THE CONSUMPTION  
AND GOAL FOR REDUCTION BY SECTOR ACCORDING TO THESE  
CONTRACTS:

	MTEP	PERCENT REDUCTION
--	------	-------------------

STEEL		
CHEMICALS		
CEMENTS		
PULP & PAPER	2.46	13.0
AUTOMOBILE CONSTRUCTION		
AND EQUIPMENT	2.25	15 .0
GLASS		
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PAGE 02	PARIS 24816	06 OF 06 081541Z
MILK		
TREATED TEXTILES	1.0	17.0
SYNTHETICS		
RUBBER		
DEHYDRATION OF FODDER	.8	15.0
BRICKS, TILES	.73	13.0
ALUMINUM		
WOOD		
DISTILATION	.15	20.0
NOT UNDER CONTRACT	22.34	
HARTMAN		

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## Message Attributes

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**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
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**Status:** NATIVE  
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**TAGS:** BEXP, ENRG, TECH, XG, XF, FR  
**To:** COM  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/d51f0467-c288-dd11-92da-001cc4696bcc  
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